

## **INITIAL STATEMENT OF REASONS**

### **Section 97930 Chapter Definitions**

The proposed regulation defines eleven (11) key words and terms contained in Chapter 17 of Title 22. These words and terms are defined to ensure clear understanding and uniform application throughout the Chapter for potential applicants, applicants, and recipients of the Licensed Mental Health Service Provider Education Program. Some of the terms included here are defined in statute, while other terms mirror standard definitions in existing Health Professions Education Foundation (Foundation) regulations.

### **Section 97930.1 Available Funding**

The proposed regulation specifies that awards shall be limited by the amount of funds available in the Mental Health Practitioner Education Fund (MHPEF). Section 2987.2 of the Business and Professions Code allows the Board of Psychology to collect a \$10.00 surcharge on the biennial licensure renewal for psychologists to fund the MHPEF, and sections 4984.75 and 4996.65 of the Business and Professions Code allow the Board of Behavioral Sciences to collect a \$10.00 surcharge on the biennial licensure renewal for marriage and family therapists and licensed clinical social workers to fund the MHPEF. The Office expects to collect approximately \$ 280,000 in the MHPEF each year. This regulation is necessary because it is unlikely that the Office will be able to award loan repayments to all eligible applicants due to the annual funding limitations of the MHPEF.

### **Section 97930.2 Loan Repayment Eligibility**

The proposed regulation specifies that a licensed mental health service provider, as defined by statute, who practices in a qualified facility or a mental health professional shortage area may apply for a loan repayment. As specified in section 128454 of the Health and Safety Code, these licensed mental health service providers may apply for a grant.

The statutes specify that licensed mental health providers that work in certain types of facilities may be eligible for loan repayment. The proposed regulations use “qualified facilities” to refer to the types of facilities referenced in statute. The proposed regulation also specifies that applicants with a contractual obligation to another entity are ineligible to receive a loan repayment. Supporting mental health professionals who have made a commitment to another entity in exchange for financial assistance does not help the Office meet the legislative intent to address the shortage of licensed mental health service providers, especially for multilingual and multicultural staff in all mental health occupations. Therefore, the Office precludes such persons from applying. This language is standard in all Foundation regulations.

### **Section 97930.3 Loan Repayment Awards**

The proposed regulation specifies that the loan repayment shall repay outstanding governmental and commercial educational loans not in default related to the recipient’s mental health profession education. This regulation is necessary because the loan

repayment should pay for educational loans in good standing related to the recipient's mental health profession education only, and not for educational loans related to other disciplines.

The proposed regulation specifies that the loan repayment award shall not exceed the estimated annual average cost to attend mental health education programs throughout the state. This baseline award amount captures the cost of attendance for the majority of statewide mental health education programs and is sufficient to provide an incentive for recipients to serve in qualified facilities and/or mental health professional shortage areas.

The Foundation has elected to adopt cost estimates compiled by the California Student Aid Commission (CSAC) to determine the total loan repayment amount, specifically cost of attendance data for public and privately-funded postsecondary educational institutions. The CSAC collects reliable data about tuition and provides a standard budget for other reasonable educational and living expenses for both public and private institutions. The CSAC data is used as the basis for awarding financial aid at educational institutions statewide. This provides a baseline measurement for the Foundation to distribute awards equitably, as well as allowing the Foundation to control costs.

#### **Section 97930.4 Loan Repayment Contracts**

The proposed regulation specifies that a recipient may receive one loan repayment at a time. Additional contracts may be awarded if certain conditions are met after the completion of the initial contract. This language allows the Office to monitor the completion of the initial contract before granting additional awards. The Office shall not award more than two contracts to any recipient. This stipulation helps ensure statewide impact by providing incentive to draw individuals to a MUA in order to assist as many individuals as possible. Furthermore, two loan repayment contracts are generally sufficient for recipients to pay a significant portion of their cost of education. This language is standard in other Foundation regulations.

#### **Section 97930.5 Terms of Loan Repayment**

The proposed regulation specifies that loan repayment shall be made on a quarterly basis. A quarterly schedule is the most efficient and practical schedule to substantiate obligated service and amount of outstanding loan. To require this information on a more frequent basis would be unduly burdensome to the recipient's employer and lender or note holder as well as administratively impractical for the Office to manage.

Two documents must be provided before loan repayment funds are released: (1) A quarterly report verifying employment in or through a qualified facility or in a mental health professional shortage area, and (2) a lender statement, dated within ninety days, verifying the outstanding loan balance. Upon receipt of these documents, funds are authorized for release.

Should the outstanding loan(s) be repaid by the Office and funds remain in the recipient's contract, those funds shall be disbursed directly to the program recipient. This situation could occur because the recipient is required to continue making payments while the

Office is making concurrent payments to prevent the recipient's loan from defaulting or receiving late payment penalties. The Office will never disperse more than the total amount owed by the recipient at the time the recipient accepts loan repayment. This regulation is necessary because the contract agreement between the Office and program recipient is for a specific amount, and the program recipient is entitled to the total funds encumbered for the contract.

#### **Section 97930.6 Loan Repayment Application Process**

The proposed regulation specifies that completed applications shall contain specific information. The regulation is necessary to elicit data and information to support the selection of recipients. Categories listed here are either standard language in current Foundation regulations or mandated by statute.

#### **Section 97930.7 Selection Process**

The proposed regulation specifies that the Foundation shall consider the mental health workforce needs, including cultural and linguistic, of the state in general, and the needs of qualified facilities and mental health professional shortage areas. This regulation is necessary to specify policy goals used to administer the program and is intended to support the Foundation's statutory obligation to increase the participation of underrepresented health professionals in medically underserved areas in California.

#### **Section 97930.8 Service Obligation Provisions for Loan Repayment Recipient**

The proposed regulation specifies that the loan repayment recipient shall agree to a contractual service obligation to practice their mental health profession for twenty-four months in a medically underserved area in California. The service obligation shall commence upon the signing of the contract between the Office and recipient, and shall be fulfilled on a full-time basis.

The mandatory service obligation will attract and retain trained mental health professionals to serve in direct patient care in areas of need since these areas have a difficult time competing with mental health facilities that can offer higher salaries or other incentives. Representatives of mental health facilities indicate that two years of professional service is a reasonable amount of time because it offers the benefits of a fully-trained mental health professional who can exercise independent clinical reasoning to perform direct patient care. A mandatory service obligation beyond two years would be unduly burdensome to the recipient.

Loan repayment recipients shall practice their mental health profession on a full-time basis. "Full-time" basis is defined as a regular work week of not less than thirty-two hours per five-day period. While a forty-hour workweek was considered, it was ultimately thought to be restrictive and possibly exclusionary since positions in this field may not be precisely 40 hours per work week.

Upon signing of the contract between the Office and recipient, the Office shall agree to make quarterly payments directly to the lending institution. Concurrently, the loan

repayment recipient shall agree to immediately begin full-time direct patient care in a medically underserved area in California. This agreement ensures that in exchange for loan repayment, the recipient is providing direct patient care in or through a qualified facility or in a mental health professional shortage area.

#### **Section 97930.9 Penalties for Failure to Comply with Program Requirements**

The proposed regulation specifies that failure to meet program requirements result in repayment of the loan repayment award plus interest. Health and Safety Code section 128350(f) authorizes the Foundation to recover funds if a recipient fails to begin or complete their obligated service. A mathematical formula is used to calculate the amount of repayment. To maintain consistency, the Foundation is adopting the formula used to calculate penalties for its existing loan repayment programs.

#### **Section 97930.10 Exceptions to Service or Payment Obligations**

The proposed regulation specifies that exceptions to service or payment obligations may be made in certain circumstances. Situations may arise which could delay or preclude the recipient from fulfilling their obligation, and it may not be appropriate to penalize the program recipient for these unforeseen circumstances. These may include pregnancy, loss of employment, or physical or mental disability resulting in long-term or permanent inability to maintain gainful employment.

#### **Technical, Theoretical and/or Empirical Studies, Reports or Documents**

The Foundation relied upon the following technical reports and empirical studies:

- “Human Resources Pilot Ethnic Focus Group Project: Summary of Recommendations”, California Mental Health Planning Council, Human Resources Project, September 2002
- “The Mental Health Workforce: Who’s Meeting California’s Needs?”, California Workforce Initiative, February 2003
- “Chartbook: Resources for mental and behavioral health care in California’s counties”, May 2003 (supplement to report, “The Mental Health Workforce: Who’s Meeting California’s Needs?”, February 2003)

#### **Reasonable Alternatives to the Regulations and the Agency’s Reasons for Rejecting Those Alternatives**

The Office has not identified any alternatives that would lessen any adverse impact on small businesses; granting loan repayments to licensed mental health professionals is not anticipated to have any adverse impact on small businesses.

#### **Evidence Supporting Finding of No Significant Adverse Economic Impact on Business**

The proposed licensed mental health service provider loan repayment program poses no adverse economic impact on business.